

## WORKFORCE DEVELOPMENT

Budget Summary						FTE Position Summary				
Fund	2010-11 Adjusted Base	Governor		2011-13 Change Over Base Year Doubled		2010-11	Governor		2012-13 Over 2010-11	
		2011-12	2012-13	Amount	%		2011-12	2012-13	Number	%
GPR	\$24,946,800	\$23,921,100	\$23,921,100	-\$2,051,400	- 4.1%	135.73	126.46	126.46	- 9.27	- 6.8%
FED	225,199,600	215,399,400	210,976,500	- 24,023,300	- 5.3	1,289.15	1,072.11	1,033.61	- 255.54	- 19.8
PR	71,360,300	68,090,300	68,090,300	- 6,540,000	- 4.6	299.66	260.61	260.61	- 39.05	- 13.0
SEG	<u>27,857,800</u>	<u>28,250,200</u>	<u>28,250,200</u>	<u>784,800</u>	1.4	<u>103.55</u>	<u>102.30</u>	<u>102.30</u>	<u>- 1.25</u>	- 1.2
TOTAL	\$349,364,500	\$335,661,000	\$331,238,100	-\$31,829,900	- 4.6%	1,828.09	1,561.48	1,522.98	- 305.11	- 16.7%

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor:** Adjust the agency's base budget by \$1,616,600 GPR, \$3,633,200 PR, and \$935,600 SEG annually, -\$921,100 FED and -137.00 FED positions in 2011-12, and -\$5,344,000 FED and -175.50 FED positions in 2012-13. The adjustments are for: (a) turnover reduction (-\$170,100 GPR, -\$1,475,300 FED, -\$408,500 PR, and -\$144,900 SEG annually); (b) removal of non-continuing elements from the base (-\$3,599,700 FED and -137.00 FED positions in 2011-12, -\$8,022,600 FED and -175.50 FED positions in 2012-13, and -\$88,300 SEG annually); (c) full funding of continuing position salaries and fringe benefits (\$1,814,900 GPR, \$4,323,300 FED, \$3,907,100 PR, and \$1,190,200 SEG annually); (d) overtime (\$158,300 PR annually); (e) night and weekend pay differential (\$67,400 PR annually); (f) full funding of lease and directed moves costs (-\$28,200 GPR, -\$169,400 FED, -\$91,100 PR, and -\$21,400 SEG annually); and (g) minor transfers within the same appropriation.

	Funding	Positions
GPR	\$3,233,200	0.00
FED	- 6,265,100	- 175.50
PR	7,266,400	0.00
SEG	<u>1,871,200</u>	<u>0.00</u>
Total	\$6,105,700	- 175.50

The 175.50 positions, which the Governor proposes to be deleted, are federally funded project positions set to expire before the end of 2012-13. These positions include 89.00 positions for the Division of Employment and Training (DET), 85.50 positions for the Division of Unemployment Insurance (UI), and 1.00 position for the Labor and Industry Review Commission (LIRC). Of the 89.00 DET positions (24.00 of which are vacant), 52.00 were funded through ARRA funds, 21.00 were funded from Trade Adjustment Assistance grants, and 16.00 positions were funded through several federal grant awards. The DET positions were added to support training and assistance programs for unemployed workers. The 85.50 UI

positions (15.00 of which are vacant) were created in response to the increase in unemployment claims for claims processing, adjudicators of disputed claims, claims investigators, and processing of claims appeals. 80.50 of the UI positions were funded from the general UI grant, and 5.0 were funded from the UI-DET Re-employment Eligibility and Assessment grant. The 1.00 LIRC position was provided for a legal associate, funded 100% by UI grants, to reduce the backlog of UI cases by preparing synopses of UI hearings used to review appeals of decisions made by UI administrative law judges.

## 2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

GPR	- \$1,087,000
FED	- 8,798,600
PR	- 2,827,200
SEG	- 924,200
Total	- \$13,637,000

**Governor:** Delete \$6,818,500 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$543,500 GPR, \$4,399,300 FED, \$1,413,600 PR, and \$462,100 SEG. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

## 3. ELIMINATE LONG-TERM VACANCIES

	Funding	Positions
GPR	- \$976,800	- 9.27
FED	- 6,634,800	- 59.76
PR	- 2,182,000	- 15.60
SEG	- 162,200	- 1.25
Total	- \$9,955,800	- 85.88

**Governor:** Delete \$4,977,900 (all funds) and 85.88 positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$488,400 GPR and 9.27 GPR positions, \$3,317,400 FED and 59.76 FED positions, \$1,091,000 PR and 15.60 PR positions, and \$81,100 SEG and 1.25 SEG positions annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

## 4. BUDGET EFFICIENCY REDUCTIONS

GPR	- \$3,220,800
PR	- 949,800
Total	- \$4,170,600

**Governor:** Delete \$1,610,400 GPR and \$474,900 PR, annually, as part of budget adjustment efficiency measures. The reductions, by appropriation, are shown below.

<u>Fund</u>	<u>Appropriation</u>	<u>Annual Reduction</u>
GPR	General program operations; workforce development	-\$97,200
GPR	Special death benefit	-52,500
GPR	State supplement to employment opportunity demonstration projects	-22,300
GPR	Local youth apprenticeship grants	-206,500
GPR	Employment transit aids; state funds	-51,600
GPR	Youth summer jobs program	-46,900
GPR	General program operations; review commission	-1,000
GPR	Vocational rehabilitation; purchased services for clients	-1,132,400
PR	Auxiliary services	-42,200
PR	Local agreements	-195,900
PR	Unemployment interest and penalty payments	-181,600
PR	Child labor permit system; fees	-2,800
PR	Nursing workforce survey and grants	-17,300
PR	Vocational rehabilitation services for tribes	<u>-35,100</u>
Total		-\$2,085,300

The reduced funding represents a cut of approximately 10% of the agency's adjusted base amount for the following appropriations: (a) special death benefits; (b) state supplement to employment opportunity demonstration projects; (c) local youth apprenticeship grants; (d) employment transit aids; state aids; (e) youth summer jobs program; (f) auxiliary services; (g) local agreements; (h) nursing workforce survey and grants; and (i) vocational rehabilitation services for tribes. Among the other appropriations, budget efficiency reductions reflect reduced base funds of approximately: (1) 1.7% for general program operations; workforce development; (2) 0.6% for general program operations; review commission; (3) 7.5% for vocational rehabilitation; purchased services for clients; (4) 8.9% for unemployment interest and penalty payments; and (5) 0.6% for child labor permit system; fees.

## **5. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS**

**Governor:** Delete 2.0 PR classified positions and provide 2.0 PR unclassified positions under DWD's administrative services appropriation.

Under 2011 Act 10, 38 classified positions were transferred into the unclassified service to serve as division administrators. Act 10 also redefined “administrators” to include “other managerial positions determined by an appointing authority.” The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) would be moved from classified to unclassified service within specified agencies. The revised unclassified positions would be renamed as either chief legal advisors, communications directors, or legislative advisors. Individuals in these unclassified positions would be at will employees appointed by the heads of the respective agencies.

The provisions in the 2011-13 biennial budget bill effectuate the intent of Act 10 in regards to the transfer of classified positions to unclassified positions as recommended by the

Governor.

**6. CONVERT LEGISLATIVE LIAISON FROM CLASSIFIED TO UNCLASSIFIED POSITION**

**Governor:** Convert 1.0 PR classified legislative liaison position to an unclassified position under DWD's administrative services appropriation. As noted in the prior entry, 2011 Act 10 transferred 38 classified positions into the unclassified service to serve as division administrators, including 2.0 DWD positions. A technical amendment would be required to accomplish the administration's goal of converting one additional classified position into an unclassified position as compared to current law as amended by Act 10.

[Bill Section: 2755]

**7. MOVE ACCOUNTANT POSITION TO DEPARTMENT OF CHILDREN AND FAMILIES (DCF)**

	Funding	Positions
PR	- \$223,200	- 1.00

**Governor:** Delete \$111,600 and 1.00 position annually related to the transfer to DCF of one position and the incumbent employee, if any, holding that position in DWD performing duties that are primarily related to local agency reimbursement contracts for programs administered by DCF, as determined by the Secretary of Administration. Specify that the transferred employee would maintain the same rights and status at DCF that he or she enjoyed in DWD immediately prior to the transfer and that if the employee had attained permanent employment status, the employee would not be required to serve a probationary period. The proposed transfer would take effect on the day following publication of the budget bill.

According to DWD, the person occupying the position is an advanced accountant that currently allocates 100% of their workload to DCF and performs the following tasks: (a) manages and processes payments associated with DCF grants run through the Central Office Reporting System; (b) processes and performs calculations based on information from county related DCF programs, which is used to determine cost allocations; (c) determines the amount owed to the state and federal government for collections by county agencies and incentives earned by county agencies; and (d) performs audits of purchases by DCF staff. DWD reports that DCF has paid 100% of the cost for this position since 2008-09.

[Bill Section: 9154(1)]

**8. DELETE POSITIONS FROM THE DIVISION OF EMPLOYMENT AND TRAINING**

	Funding	Positions
FED	- \$2,324,800	- 20.28
PR	- 2,499,400	- 22.45
Total	- \$4,824,200	- 42.73

**Governor:** Delete \$1,162,400 and \$1,249,700 PR, annually, and delete 20.28 FED and 22.45 PR positions from the Division of Employment and Training. Of these positions, 5.28 FED and 22.45 PR positions managed certain programs, such as W-2 and the Bureau of Child Support, on behalf of DCF

during the transition of programs from DWD to DCF. DCF had previously paid DWD 100% of the cost of these 27.73 positions; therefore, funding for these positions no longer existed and the positions became vacant once DCF assumed management responsibility for these programs. The remaining 15.00 FED positions were mostly Employment and Training Specialists; however, those positions are currently vacant and funding for those positions no longer exists.

**9. UNEMPLOYMENT TAX AND ACCOUNTING SYSTEM; ASSESSMENTS**

PR	- \$5,124,800
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**Governor:** Delete \$2,562,400 annually, to reflect the expiration of assessments for the unemployment tax and accounting system. The proposal would reduce expenditure authority under this appropriation to \$0. Prior to 2010, each employer that is subject to contribution financing was required to pay an assessment to the administrative account of the unemployment reserve fund equal to the lesser of 0.01% of its payroll for that year or the solvency contribution that would otherwise be payable by the employer for that year. Because the assessment is no longer being imposed, no fee revenue will be generated for this appropriation in 2011-12 or 2012-13.

**10. VOCATIONAL REHABILITATION -- HOMECRAFT SERVICES**

**Governor:** Eliminate the requirement that DWD provide the following services to eligible persons with severe disabilities through the Division of Vocational Rehabilitation (DVR): (a) craft instruction; (b) home-based employment and craftwork opportunities; and (c) assistance in marketing finalized homecraft products. According to the Department, federal law prohibits the provision of these services with federal vocational rehabilitation monies. The proposal would eliminate references in state law to services that are no longer provided by DVR.

[Bill Sections: 1317 thru 1320]

**11. ELIMINATE UNUSED APPROPRIATIONS**

**Governor:** Repeal DWD's GPR appropriation for assistance for dislocated workers, and repeal the Department's PR appropriation for dislocated worker program grants. The Governor has recommended deleting these two appropriations due to inactivity and lack of funding. Funding was last provided to the assistance for dislocated worker appropriation in 1994-95. The appropriation for dislocated worker program grants was created pursuant to 1989 Act 44, and funding was never provided for this appropriation.

[Bill Sections: 683, 684, and 2392]